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Social Planning & Research Council
Response to the report of
the Commission on the Reform
of Property Taxation in Ontario
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A RESPONSE TO THE REPORT OF
THE COMMISSION ON THE REFORM OF
PROPERTY TAXATION IN ONTARIO

June 1, 1977



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A RESPONSE TO THE REPORT OF
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We welcome the opportunity to respond to the Report of the Commission on the Reform of Property Taxation in Ontario. We are limiting a response to that section of the report entitled "Property Owned by Charitable and Non-profit Institutions".

In our original brief to the Blair Commission, dated October 20, 1976, we opposed the removal of tax exempt status for charitable institutions and further recommended that this status be extended to the charitable organizations who are currently paying property tax through the vehicle of rent on premises. After some considerable study of the Report of the Commission, we remain in adherence to our original position.

We remain categorically opposed to the removal of tax exempt status for charitable institutions.

At best and after considerable administrative expense to charitable institutions, this reform will simply maintain the status quo. That is, if every presently exempt institution is successful in arguing for the continuance of their exempt status, then the situation would be one of "same as before". At worst, however, and with greater probability, this reform will represent a weakening of the voluntary sector through a transfer of dollars, presently used to provide services, to property tax.

We fail to see any humane justification for such a state of affairs. The voluntary sector represents a set of needed services which the public has voluntarily decided to financially support. Our existence is annually dependent upon the goodwill and concern of the

citizens in our area. The government has, on a number of occasions, praised the efficiency with which these voluntary dollars are utilized. We cannot understand, therefore, why the government would knowingly undertake a reform which would inevitably weaken this sector.

We, therefore, hope that the government will not undertake the implementation of this reform.

Given this very important and general concern, there are a number of more specific recommendations contained in this Report with which we must take exception. The Commission, for example, has recommended that the decision-making related to tax exemptions should pass to the hands of municipal or regional authorities in the form of an Exemption Review Committee. Many agencies do not operate within the confines of political boundaries. For example, an agency may operate offices and services in one county and a camp in another or it may contain branch offices in a number of jurisdictions. The lack of uniformity in the decision-making process which is suggested by the Commission will create obvious problems.

The proposed Exemption Review Committee would be composed of elected government officials and school board trustees. Both of these groups have an obvious vested interest in expanding the tax base. Within this committee, there would be a pre-existing interest in reducing exemptions.

Agencies refused exemptions would be denied the right of appeal. Does this mean that such agencies would be denied the right to re-apply for exempt status?

We also take exception to the following statement, taken from page 75 of the Report:

"We also note that we have no ready solution for charitable and non-profit organizations who rent their premises, and thereby continue to pay property tax. However, we would observe that in most instances the rent is reflective of the benevolence of the landlord."

In most cases, the voluntary sector competes for operating space on the same basis as business and commercial establishments. The market price for rented premises is paid.

For the reasons outlined above, we oppose the recommendations put forth by the Commission as they relate to charitable institutions. We oppose the removal of the exempt status and we find unacceptable the means by which the Committee has proposed that the reform be implemented through a review committee.

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